GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2279
ANSWERED ON:06.05.2016
Loan to Handloom Sector
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has increased any allocations and financial incentives including interest free loans to bail out the handloom sector from the crisis presently it is facing;
(b) if so, the details thereof during the last three years;
(c) whether some handloom units have been denied the benefits of the financial bail outpackages/scheme, if so, the details thereof and the reasons therefor; and
(d) the other measures taken or being taken by the Government to promote the handloom sector?

Answer

The Minister of State in the Ministry of Finance

(a) There is no scheme for providing interest free loans to handloom sector. However interest subvention is provided to the Handloom weavers under Concessional Credit Component of the National Handloom Development Programme (NHDP). The interest subvention is for three years and limited to the difference between the actual rate of interest as applicable/charged by the banks and 6% interest to be borne by the borrower. Interest subvention by Government is capped at 7%. Margin money assistance up to Rs.10,000/- is also provided to enable the handloom weavers, their self help groups and joint liability groups to leverage this amount for borrowing loans from the banks. The loans extended by the banks to the handloom weavers are covered by a credit guarantee.
(b) The details of loans provided by banks during last three years is as under:

S.No.	Year	Number of weavers covered	Loan amount sanctioned (Rs. in crores)	Loan amount disbursed (Rs. in crores)
1	2013-14	61,643	194.29	146.80
2	2014-15	79,210	233.53	100.69
3	2015-16	48,282	147.12	107.14

(c) Under the Revival, Reform & Restructuring (RRR) package, one time waiver of overdue loans and interest (100% Principal and 25% interest) of viable and potentially viable handloom cooperative societies and individual weavers as on 31st March, 2010 and recapitalization assistance to eligible handloom cooperative societies has been provided. The package was to be implemented by 31.12.2012. However, the implementation date was extended up to 31.12.2013 and eligibility norms were relaxed to certain extent in the shape of a modified RRR package. The last date of implementation of RRR package was further extended up to 28.02.2014. All the beneficiaries who fulfilled the eligibility criteria up to 28.02.2014 have been considered under the package.
(d) To promote the handloom sector the following schemes are under implementation:
(i) National Handloom Development Programme (NHDP)
(ii) Comprehensive Handloom Cluster Development Scheme(CHCDS)
(iii) Yarn Supply Scheme
(iv) Handloom Weavers Comprehensive Welfare Scheme

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